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ABSTRACT

In 1992, the Metropolitan Tulsa Chamber of Commerce in Oklahoma established a welfare-to-work program called Industrial Exchange, Inc. (IndEx). IndEx provides welfare recipients with a combination of education activities and work experience. By contracting with local companies to perform light manufacturing and packaging work at a central site, IndEx offers welfare recipients meaningful work experience while reducing labor costs for companies and keeping jobs in the region. Participants remain in IndEx for approximately 6 months, spending 4 hours each day in education activities and 4 hours on the shop floor. IndEx participants maintain their welfare eligibility and work for benefits only. In 1992-1994, IndEx concentrated on its production and education roles. In 1994-96, IndEx began expanding into a new role as job developer and recruiter. IndEx initiated the following new components in 1996-97: 30- and 60-day outplacement training programs for IndEx participants who had obtained their General Educational Development certificate; postplacement services to help participants adjust to being in the work force and improve their job retention rate; and an out-of-school youth component. Since 1992, IndEx has received several small and large grants from public and private sources and has increased its staff from 3 to 15. (MN)

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CONNECTIONS TO WORK

Tulsa's IndEx Program

A Business-Led Initiative for Welfare Reform and Economic Development

Maria L. Buck

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September 1997

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PREFACE

Enactment of the 1996 federal welfare legislation raised the stakes on helping welfare recipients find and keep jobs. Welfare recipients are now subject to time limits on their receipt of federal cash benefits, and states now receive fixed block grants of federal funds to provide assistance. These changes—when combined with the strict work requirements in the new law and the unprecedented flexibility states have to use their block grant funds—create strong incentives for states to dramatically increase the success of their efforts to move welfare recipients into jobs and to design more effective and efficient service delivery systems.

With these developments as a backdrop, the Manpower Demonstration Research Corporation (MDRC) has launched the Connections to Work project with support from The Rockefeller Foundation and the Charles Stewart Mott Foundation. One objective is to identify promising practices through a series of case studies focused on communities at the forefront of developing innovative approaches to connecting welfare recipients with jobs. Connections to Work will feature urban communities that are adopting one of two general strategies: (1) demand-driven approaches to education, training, and job placement with direct engagement of the business sector, particularly in areas of job growth, and (2) the use of competition in which public, private nonprofit, and private for-profit organizations compete for public funding to provide welfare recipients with employment preparation services and must meet specific performance standards centered on job placement and retention.

The first in this series of case studies, supported by the Charles Stewart Mott Foundation, profiles the IndEx program in Tulsa, Oklahoma. IndEx, a nonprofit subsidiary of the Metropolitan Tulsa Chamber of Commerce, has a dual role. First, it serves as a community work experience placement site for welfare recipients on behalf of Tulsa companies involved in low-skill production and assembly work. Second, it functions as a job broker, using its clout in the business community to find IndEx participants permanent job placements.

This report traces the evolution of IndEx and its ability to adapt to changes in the policy environment and labor market. It captures the benefits of this business-led initiative, which

attempts to simultaneously use welfare reform as an economic development tool to keep jobs in Tulsa, provide welfare recipients with a valuable work experience supplemented by education and training, and better respond to the labor market trends and entry-level hiring needs of Tulsa employers. The case study also highlights some of the major challenges: expanding business-led initiatives beyond small-scale programs, fortifying public-private partnerships that build on the strengths of both sectors, creating data management systems to track participation and outcomes, and finding the right balance between a private-sector work experience that both accommodates employers and teaches participants productive work-readiness skills—while at the same time protecting welfare recipients from being exploited.

We hope that the lessons in this case study and the others that follow will help inform government officials, welfare administrators, job training specialists, and business leaders throughout the country about the opportunities and challenges of broadening and deepening the business community's role in local welfare-to-work strategies.

Judith M. Gueron
President

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The Author

INTRODUCTION

The passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act has heightened the urgency to identify viable options for moving welfare recipients into the work force. New work requirements and time limits have dramatically raised the stakes for quickly employing and securely retaining people in the labor market. In light of the fact that past welfare-to-work programs have met with varying degrees of success, and given the magnitude of the current challenge, new approaches are needed.

Interest is now growing in exploring ways to involve the private sector in welfare reform. Many contend that public agencies, acting alone, cannot achieve the goals of welfare reform and that success depends on the involvement of the business community. Although a national welfare-to-work initiative has been launched to mobilize the private sector to hire and train welfare recipients, questions remain about how best to involve the business community in the welfare-to-work challenge. More specifically, how can jobs be made more accessible to welfare recipients? Do welfare recipients have the skills needed to meet entry-level job specifications? Should the role of the business community extend beyond job creation and access to training and job retention services?

One pioneer in this area, the Metropolitan Tulsa Chamber of Commerce, established an innovative welfare-to-work program in 1992 called Industrial Exchange, Inc. (IndEx). Centered on the premise that welfare reform and economic development are mutually compatible goals, IndEx provides education activities for welfare recipients and, by contracting with local companies to perform light manufacturing and packaging work at a central site, also provides them with work experience. This arrangement is designed to reduce labor costs for local companies, keep jobs in the region, and provide participants with meaningful work experience as a step toward permanent job placement.

This case study describes the development and evolution of IndEx during its first five years. The report begins by describing the convergence of events that led to IndEx's creation, and follows the program through three major evolutionary stages: developing the basic program (1992–94), enhancing the employer base (1995–96), and expanding the program design (1996–97). It highlights the perspectives of both local employers and program participants, and examines the program's internal operational developments, such as staffing and financing. The case study concludes with a discussion of the following implications, culled from the IndEx experience, for other business-led welfare-to-work initiatives:

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- Business-led programs should balance the needs of local employers with the needs of welfare recipients.
- Programs need to build and nurture public-private cooperation.
- Business-led initiatives should utilize intermediaries, such as chambers of commerce, both to assess the needs of local employers and to serve as Community Work Experience Program (CWEP) placement or temporary employment agencies.
- To attract local employers, initiatives need to demonstrate the potential benefits of participation and to develop simple program operations and interactions between participants and employers.
- Programs should develop safeguards for participants, particularly regarding the length of time in the program and contracts with local employers regarding permanent hires.
- The scale of programs similar to IndEx is likely to be small, but these programs have the potential for replication.
- Intermediaries, like IndEx, can prevent the stigma that potential employers might attach to welfare recipients by maintaining the confidentiality of the program participants' welfare status.
- Programs need a blend of entrepreneurial leadership and strong management of day-to-day operations, with the data systems necessary to support management.
- While some business-led job placement initiatives have been overly selective in their enrollment and placement processes, IndEx demonstrates that welfare-to-work initiatives can serve a broad cross-section of the population.
- Nonprofit organizations are able to adapt to the new and changing circumstances of working with the private sector.

Information for this case study comes from a variety of sources, including interviews, both in-person and by telephone, with Wayne Rowley, president of IndEx, Inc.; the IndEx staff, including the executive director and industrial coordinator; staff from the Department of Human Services (DHS) of Tulsa County who are assigned to IndEx; representatives from the Tulsa Public School District; local employers associated with the program; site visits conducted in 1996 and 1997;

documents, contracts, forms, and other printed material provided by IndEx staff; and articles in local and national publications about the IndEx program.

Two sources of information that were unavailable for this case study would have enhanced the understanding of the program's development and evolution. First, because of time constraints, neither formal interviews nor focus groups with IndEx program participants—including those who were referred to, enrolled in, participating in, or graduated from the program—were conducted. Second, data collection efforts by IndEx and DHS have not been systematic. Therefore, no reliable demographic or outcome data—including the number of job placements, average starting wages, average length of job retention, and so forth—are available. All data within this case study are self-reported by the people involved with IndEx.

The IndEx Story

Community Context

Once hailed as the "Oil Capitol of the World," Tulsa, Oklahoma, has retained its entrepreneurial spirit and its focus on new business growth. A metropolitan area of approximately 600,000 residents, Tulsa continues to have a strong manufacturing base, while attracting new firms in the information technology, health care, and services fields. The region generated 11,600 new jobs in 1996, has a strong labor market with an unemployment rate of about 3 percent,[1] and has a limited labor union presence. While the city was hit hard by the recession in the mid-1980s, more recently the economy has shown strong growth and the community is now experiencing labor shortages in both high-skilled and entry-level positions. As a result, the business community has focused more intently on work-force development.

Tulsa's business community plays more than an economic development role in the region. When the Tulsa community comes together to address an issue, local businesses always have a prominent seat at the table. Community leaders often look to private industry to meet the needs of the region. As a local business owner stated, "We don't turn to the government or even charities to solve our problems. [Business] has always been independent and innovative and that's what you need to solve problems." This same entrepreneurial spirit was evident as the community began grappling with the interrelated issues of economic development, welfare reform, and work-force development.

1. Data provided by the Metropolitan Tulsa Chamber of Commerce.

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The Genesis of IndEx

In 1992, the Metropolitan Tulsa Chamber of Commerce recognized two issues in the community: first, the growing shortage of low-skilled labor for local companies and, second, the rapidly increasing caseload of Aid to Families with Dependent Children (AFDC) recipients. Also high on the Chamber's agenda was creating strategies to promote economic development and keep jobs in Tulsa. Several small- and medium-sized companies had unfilled manufacturing and packaging orders owing to a lack of qualified local labor, and some were contemplating moving their facilities out-of-state or overseas. At the same time, between 1991 and 1994, the AFDC caseload in Tulsa County increased by more than 50 percent, from 5,200 to just over 8,000 cases. Less than half of the adults on welfare had a high school diploma and even less had work experience in the previous year. The average monthly AFDC grant for a family of three was $260. In addition, changes at both the federal and state levels were promoting welfare-to-work initiatives.

Enter Wayne Rowley. As the Director of Workforce Development for the Tulsa Chamber of Commerce, Rowley had already pioneered an innovative school apprenticeship initiative called Craftsmanship 2000, to respond to shortages in the metalworking and machine tool fields. Rowley actively sought opportunities to build off the youth apprenticeship model and address the emerging needs of the community. Zebco, Inc., provided just such an opportunity. A local manufacturer of outdoor sports equipment, Zebco wanted to produce 100,000 fishing rods over the subsequent two years. Facing a lack of qualified labor in the region, Zebco planned to ship the work overseas.

In an attempt to reduce Zebco's labor costs and keep the company in Tulsa, Rowley first contemplated establishing "cottage industries" in which people on AFDC would assemble the fishing rods in their homes. However, several government regulations—in particular, those associated with workers' compensation—impeded this plan. Rowley then developed a strategy to centralize the production and assembly work. An old, no-longer-used elementary school building was leased, with funds from the Chamber of Commerce, to serve as the central facility, and Zebco provided the necessary equipment for production. IndEx and Zebco negotiated a piece rate contract for the production order, which was competitive with Zebco's other contracts. Only the workers were missing.

The Chamber of Commerce approached the Oklahoma Department of Human Services about becoming a Community Work Experience Program "worksite" for AFDC recipients. To facilitate that process, the Chamber established a 501(c)(3) nonprofit organization called Industrial Exchange, Inc. (IndEx), specifically designed to execute contract services with Oklahoma firms while providing training, education, work experience, and long-term employ-

ment opportunities for the unemployed and economically disadvantaged. Traditionally, CWEP programs are structured so participants "work off their grant," usually in public or nonprofit institutions, with the number of hours set by dividing the grant amount by the minimum wage. IndEx proposed a modified CWEP program in that participants would, in essence, be working for private companies by filling their production orders. Also, welfare recipients would be required to participate full-time (40 hours per week), regardless of the amount of their grant, spending half of their time on assembly and production work and the other half in education activities. With the low average grants in Oklahoma, the IndEx CWEP program creates a situation in which welfare recipients are working at the equivalent of a sub-minimum wage, even without including the 20 hours per week of education activities.

Two major modifications were required in DHS regulations for IndEx to be designated a CWEP site. First, the rule prohibiting more than three CWEP placements at the same site was suspended. Second, the three-month time limit on CWEP placements was eliminated. In addition, DHS did not impose the "work off their grant" structure and allowed IndEx to require 40 hours per week of participation, regardless of grant size. With the DHS modifications approved, IndEx was established to serve the needs of both local businesses and welfare recipients by providing on-site facilities to accommodate the companies' manufacturing needs as well as space for classes and training for participants. IndEx signed a two-year contract with Zebco, Inc., to provide all of the labor associated with the fishing rod order.

Developing the Basic Program (1992–94)

Program Structure

The fundamental premise of the IndEx program was simple—to provide participants with both education and training and substantive work experience by giving them the opportunity to do real work for local companies, all under one roof. Participants spend 4 hours of each day in education activities and 4 hours working on the shop floor, totaling 40 hours per week. Most participants stayed at IndEx for approximately six months, according to estimates by IndEx staff, although no set of activities or standard program length was established to deem a participant's involvement "completed." The work experience component was primarily light manufacturing including assembly work, operating small machinery, and packaging. In addition, the facility provided space for participants who were working on independent business projects, producing

items such as fireplace bellows and traveling cases for fishing rods. Classroom instruction included basic skills, General Educational Development (GED) preparation, and some computer skills. Unlike other local education and training providers, IndEx has no minimum education requirements for participants. It has maintained this basic program model throughout its existence.

The program structure was similar to the National Supported Work Demonstration evaluated by the Manpower Demonstration Research Corporation (MDRC) in the late 1970s. The Supported Work program, targeted to four hard-to-employ groups (women who were long-term welfare recipients, former substance abusers, ex-offenders, and young school dropouts), provided a structured, paid work experience for up to one year under conditions of gradually increasing demands, close supervision, and work in association with a crew of peers. Of the four groups evaluated, the program proved most effective for women on welfare. IndEx extended the Supported Work model by contracting with local employers to provide actual work in assembly and packaging and integrating a GED component. The major difference between the two models is that Supported Work participants were paid at or above the minimum wage, while IndEx participants work for benefits only.

BENEFITS

As a part of their CWEP placement, participants maintain their AFDC/TANF eligibility and benefits.[2] While participating, welfare recipients receive child care and transportation assistance, but these services present some difficulties. Initially, IndEx provided child care on-site. However, most participants preferred to use their own informal child care arrangements, which were often closer to home. Furthermore, IndEx facilities are accessible by public transportation, but the regional transit system's schedules and routes are not convenient for the needs of many participants.

Numerous community-based organizations assist participants while they are in the program, as well as after placement. Community groups have made various presentations to IndEx participants about child care and parenting approaches, dispute resolution techniques, and interview and résumé-writing workshops. In addition, IndEx serves as a gateway to other available services, such as utilities assistance programs (which help people pay for their utilities), subsidized housing programs, and clothing distribution centers at local churches.

SANCTIONING

IndEx established a sanctioning point system for attendance: points are accumulated for tardiness/early departure, absence, disruptive behavior, violence, excessive telephone use, and unwillingness to work. If participants fail to meet the minimum 75 percent attendance requirements

2. TANF refers to Temporary Assistance for Needy Families, a block grant to states that, in essence, replaces the AFDC program, as stipulated in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act.

(that is, they must attend at least 75 percent of the required number of hours each week), they are reported to DHS for sanctioning for noncompliance. DHS then uses a graduated, three-step sanctioning policy, in which the first incidence of noncompliance results in a warning, the second results in a decrease of benefits, and the third results in full benefits termination and case closure. IndEx participants can have their cases re-opened after two weeks of perfect attendance. (Attendance is usually the issue involved in noncompliance.) There is no limit to the number of times an individual's case can be closed and re-opened.

Program Resources and Staffing

Initially, the program assembled a myriad of financial and in-kind resources. The Chamber of Commerce and IndEx established an informal credit system allowing IndEx to cover its start-up costs, including the leasing of the first facility and the move to a larger facility 16 months later. IndEx has repaid the funds borrowed from the Chamber. In addition, IndEx received a series of small grants (less than $50,000 each) from a variety of sources, including local private foundations, corporate giving programs, and a Community Development Block Grant from the City of Tulsa. Furthermore, IndEx received a contract award through DHS and JOBS[3] as a CWEP placement. However, most of the operating budget was generated through the piece-rate contracts negotiated with companies providing work to IndEx.

IndEx opened its doors with three staff people: Wayne Rowley (president), a general manager, and an adult education teacher. Only the general manager was on the IndEx payroll, while Rowley was paid under the auspices of his position at the Chamber, and the teacher's work was an in-kind contribution from the Tulsa Public Schools. During its first two years of operation, IndEx hired two additional staff people, both of whom were program participants—one to serve as a shop foreman and the other as a clerical staff person. A board of directors, consisting primarily of representatives from companies that were doing business with IndEx and members of the Chamber of Commerce, was established to provide overall policy and management guidance. In addition, the JOBS contract with DHS provided an on-site case manager and eventually a job developer. These two workers, along with another DHS supervisor coordinating overall efforts between IndEx and DHS, have played a crucial role in the development and implementation of the IndEx program.

Furthermore, Rowley was instrumental in marshaling community resources and support to launch the initiative. Several public and private organizations donated educational materials and office supplies, contributed bus passes before transportation arrangements with DHS were final-

3. JOBS refers to the Job Opportunities and Basic Skills Training Program, created by the Family Support Act of 1988.

ized, and provided access to other services for IndEx participants. For example, Catholic Charities allowed IndEx participants into their annual winter coat distribution center a day before the general public. These arrangements helped build support for the program in the community and provided needed resources for the program to begin.

The Role of DHS and the Referral Process

In the midst of IndEx's development, the State of Oklahoma switched the focus of its AFDC program from a human capital development model (which encourages investment in education and training prior to seeking employment) to a work first model (which advocates quick attachment to the labor force, beginning with job search activities). Each welfare recipient begins the initial eligibility or redetermination process with a two-week job search. If that process is unsuccessful, the welfare recipient and the caseworker develop an employability plan. The model offers several options for activities, including GED preparation, vocational training, and community work experience. Welfare recipients are mandated to participate a minimum of 20 hours per week in designated activities and are provided child care and transportation assistance.

DHS is responsible for referring participants to IndEx. After welfare recipients have developed an employability plan, they attend an orientation session to learn about the rules for participation and the local service providers that are contracted or associated with DHS activities, including IndEx. Once the initial caseworker and welfare recipient decide on the CWEP placement, the caseworker makes the referral to IndEx. While welfare recipients can be referred to IndEx at any time, they usually arrive in waves after the DHS orientation.

Typically, IndEx receives 200–250 referrals from DHS per year. IndEx staff contend they have the capacity to handle twice the number of participants they currently serve, but are not receiving the referrals from DHS. DHS and IndEx staff agree that some DHS staff are reluctant to make referrals to IndEx. There is a perception among the DHS staff that IndEx is not the best environment for some welfare recipients because of its higher participation requirements (40 hours per week) and the demanding "real world" environment on its shop floor. DHS staff have encouraged IndEx staff and program participants to be actively involved at the orientations and to be very open and honest about the requirements and benefits of participation.

Once welfare recipients select IndEx as a CWEP placement, they are required to sign a training agreement with IndEx and DHS officials. The IndEx orientation session and materials stress building skills and work-readiness competencies to move to full-time employment. For example, participants submit emergency information about their children and back-up plans for failed child care and transportation arrangements. In addition, at the end of each month, the floor

supervisor, the classroom instructor, and the participant complete assessments on attendance, teamwork, production, education, and attitude.

Participant Profile

All participants are parents and heads of active AFDC/TANF cases. The majority of the participants, who are predominantly female and range in age from 18 to 47, do not have a high school diploma.. Participants are overwhelmingly people of color, primarily African American as well as some Latinos and Native Americans. Approximately 70 welfare recipients are enrolled at IndEx at one time.

Welfare recipients who volunteer for IndEx are attracted by the opportunity to position themselves for employment that pays above the minimum wage, as well as by the camaraderie among participants. A recipient's decision to select a placement at IndEx is based on several factors. First, for recipients with little or no work experience, IndEx provides substantive employment experience doing real work for companies. Second, for people interested in light manufacturing or assembly work, IndEx is one of only a handful of programs offering training in these areas. Third, for recipients who do not meet the minimum education requirements of other local training programs, IndEx provides an opportunity to earn a GED certificate, with one-on-one tutoring available for those who need additional assistance. For recipients with any one of these characteristics, IndEx is a valuable placement. For participants with a combination of these factors, IndEx is essentially the only option available within AFDC's mandatory participation system.

Informal conversations with participants reveal a variety of opinions about the program. Some are thankful for the opportunity to get a GED certificate, observing that "you can't get a decent job without one." Others, hearing about the changes in the welfare program, think they should obtain some basic skills and training before the arrival of time limits. Still others are critical of the strict attendance policy and high participation requirements, describing the program as "slave labor for my welfare check."

Life at IndEx

Sixteen months after beginning operations, IndEx moved from the school building where it began to a two-story, nondescript building in the industrial area of downtown Tulsa.[4] The workshop is on the first floor and the classrooms and computer lab on the second floor. Modest offices with second-hand furniture for the executive director, DHS staff, and clerical staff are also located on the first floor. The approximately 32,000-square-foot workshop area is divided into sever-

4. In February 1997, IndEx moved to a new facility.

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al different work stations where teams of participants assemble parts, operate small machinery, and package finished products.

When a new employer provides work to IndEx, a representative from the company visits the workshop to teach participants how to assemble the product or operate the machinery, which the company donates and delivers to the IndEx facility. Once the participants are trained, work teams are established, with individuals assigned to a production line sequence to finish the product. Usually during the first day of production, participants find their "niche" in the production line and work on that one section. However, everyone on the line is trained to do other tasks, so roles are interchangeable. As the production orders at IndEx change, participants are able to work on several different production lines and learn a variety of skills. Morale appears to be high among the participants on the shop floor, and IndEx stresses teamwork and peer support. Representatives from some of the companies visit IndEx periodically to monitor production. Occasionally, company representatives have identified promising participants during their visits and offered them full-time employment.

One supervisor for the entire shop floor coordinates all of the work of the various teams. In addition, some participants assume leadership responsibilities on each work team, assigning tasks to other participants and assisting the shop supervisor. Usually four or five production lines are running simultaneously, with five or six participants working on each team. The participants, machinery, and loading vehicles make the workshop a noisy and boisterous environment, similar to the real workshops of local companies.

In contrast, the second-floor classrooms provide a quiet, if cramped, space for the education activities. The brightly decorated rooms have space for work in small groups as well as individual cubicles. The focus of most of the education activities is GED attainment. When participants arrive at IndEx, they are given a GED pre-test, and areas for improvement are identified. Participants then work through exercises to improve these skills, periodically taking tests to monitor their progress. Some of the exercises are available for use on personal computers, which helps participants accomplish the dual goal of learning basic skills and becoming more familiar with computers.

For participants with educational deficiencies, for whom GED preparation is premature, one-on-one tutors are available. The facilities are staffed with two teachers who monitor participants' progress, administer practice tests, and provide individual assistance. For the most part, teachers do not follow a set curriculum, and most of the participants work on their assignments independently.

Comparisons with Other Education and Training Providers

IndEx is not the only education and training provider in Tulsa, although it is unique in its direct ties to the private sector through the Chamber of Commerce. Project HIRE, conducted through the Vocational Technical Center, handles about 100 participants at a time. DHS has typically referred about two-thirds of the eligible JOBS caseload to HIRE. The program consists of three days of training and two days of hands-on experience per week with local companies. HIRE focuses on vocational training in areas such as office technology and nursing, teaches life skills, and provides some GED preparation. However, welfare recipients must have at least a fifth-grade education level to be referred to the program. HIRE has a participation requirement of 30 hours per week, with a strict 90 percent attendance policy. The program also has a strong placement record and has consistently met its JOBS contract performance standards.

Emerge is another provider of basic education in Tulsa. The program teaches basic GED education in preparation for college. Responding to changes under welfare reform, Emerge is looking to offer more short-term certificate programs, job and life skills workshops, and internships and work experience opportunities to become more job-focused. Referrals to Emerge are made for welfare recipients with at least a seventh-grade education level.

Emerge and Project HIRE are planning to join forces, with Emerge providing part of the GED preparation for HIRE students and HIRE providing additional vocational training for Emerge students. While both of these programs are important players in the overall landscape of education and training, IndEx has been able to develop a unique niche for itself. It is the only program with no minimal education requirements for participants and it is the only one to provide both education and real work experience at the same site. The program's unique approach makes it one of the only options for welfare recipients with low educational skills who want work experience and training in light manufacturing.

Employer Incentives for Participation

As the first company to work with IndEx, Zebco recognized several benefits to the arrangement. First, by contracting with IndEx to meet the production order, Zebco was able to keep production and other jobs in the community. Second, IndEx was able to offer Zebco competitive piece rates to fill the order, thus reducing their labor costs. Finally, IndEx provided an opportunity for participants to be trained on Zebco's machinery. IndEx hypothesized that this arrangement

would create opportunities for participants to roll over into full-time, permanent positions at the Zebco facility doing similar work. With the early success of the venture with Zebco, other local companies contracted with IndEx as well, including Hilti, a manufacturer of construction equipment and supplies; Communication Graphics, a printing company; and Laufen International, a manufacturer of ceramic tile, for which IndEx assembled catalogs, promotional materials, and direct mail materials.

By the end of 1994, IndEx recognized it was fulfilling the needs of employers by meeting the demand for low-skilled workers, but the expectation that employers would then hire IndEx participants into full-time positions did not come to fruition. During this period, IndEx hired nine participants through the state's work supplementation program,[5] who continued to do assembly and packaging work to fulfill the contracts with local companies, although no data on wages or benefits are available. Some companies had completely subcontracted their assembly and/or packaging divisions to IndEx, so they had no permanent jobs into which participants could move. Available positions at these companies were often higher-skilled positions for which IndEx participants were not qualified. Thus, IndEx needed to make a concerted effort to attract additional employers to provide employment opportunities for IndEx participants. While IndEx fulfilled the contract with Zebco and attracted other work from local companies, its placement record did not meet the outcome standards outlined in the JOBS contract with DHS. Today, IndEx remains a CWEP placement, but no longer receives JOBS funding from DHS.

ENHANCING THE EMPLOYER BASE (1995–96)

To address the placement issue, IndEx began to expand into a new role as a job developer and recruiter, while still maintaining its production and education roles. It actively sought companies that were prepared to hire participants into full-time, permanent positions. Wayne Rowley often made the initial contacts with a potential employer's president/chief executive officer as a

5. Oklahoma's work supplementation program is a subsidized employment opportunity through which a participant is hired in full-time employment, with DHS reimbursing the employer for wages paid at a maximum of $250 per month for up to nine months. The subsidy is available only for newly created positions, to eliminate the risk of displacing current employees. Welfare recipients participating in the program are not receiving their grants; they are employees of the participating company and receive at least the federal minimum wage.

part of his regular duties for the Chamber of Commerce. Discussions with local companies included a variety of economic development issues being addressed by the Chamber, of which IndEx—and employment opportunities for welfare recipients—was just one. Hence, companies were rarely pitched the idea of hiring welfare recipients, but rather were provided the idea as an option within the larger domain of regional economic development.

Furthermore, employers interested in hiring IndEx participants enjoyed several benefits. First, IndEx provided a pool of applicants to meet the entry-level labor shortages of area companies. Second, IndEx participants had both the basic skills and work experience required to make a smooth transition into the work force. While other CWEP positions in Tulsa were in the public and nonprofit sectors, IndEx provided "real world" work experience by having participants fulfill work orders from local companies. Several contacts, and eventually multiple placements, were made at companies including Bender Direct Mail Service, Love Envelopes, TCIM Communications, and Tulsa Public Schools.

To meet its new role as job developer and recruiter, IndEx reorganized and reassigned its staff. Tim Westberry, with a background in general contracting, was hired as the new executive director. In addition, Rowley utilized staff at the Chamber of Commerce to assist IndEx in outreach activities to local companies. The majority of staff members have business backgrounds, which more closely relate to light manufacturing work than to education or training.

Determining the Needs of Local Employers

While progress was made throughout 1995 to bring additional employers on board, most companies were able to hire only three or four IndEx participants each. Thus, IndEx's placement record improved only marginally. However, no systematic work had been done to determine the work-force needs of local employers. As part of a larger initiative, the Chamber contracted with Deloitte & Touche LLP to conduct a labor market analysis of the metropolitan area. The study included surveys of over 450 local businesses, focus groups with educators and work-force experts, and interviews with regional economic development authorities. Concurrent with this demand-side approach, Deloitte & Touche surveyed approximately 880 area residents to assess the overall capabilities of the region's work force.

While the results of the analysis aided the Chamber in its larger economic development agenda, several conclusions and recommendations directly affected the design and implementation of the IndEx program. First, Tulsa had been able to attract several manufacturing industries to the area as well as "back office" operations—such as accounting data processing, reservations, and telemarketing operations—resulting in a job growth rate of 3.2 percent in 1996 (compared

with 1.4 percent nationally).[6] Second, many employers voiced concerns regarding the basic educational capabilities of the labor force, citing poor reading comprehension and math skills in particular. Third, employers' criticisms of job training efforts centered on the scarcity of programs, specifically in the fields of electronics (assembling internal electronic boards, including soldering components) and information technology (data entry, telemarketing-reservationists, and so forth). Finally, Deloitte & Touche recommended that "employability training [such as job-readiness skills] should be woven into skill or occupational training. . . . A separation [of the two] diminishes the value of both."

The report provided both an affirmation of many components of the IndEx program and insights into ways to improve the program to meet the needs of local employers. First, the message about basic skills training was welcome news to IndEx and other education and training providers. Many people questioned the justification for IndEx's ambitious goals of providing both education and work experience. The report supported the need to have both. Second, the report placated concerns that the economy could not sustain an influx of new workers into the labor market. With high job growth expected in low-skill industries, worries about welfare recipients displacing other low-skilled workers were put to rest.

Alert to possibilities for entrepreneurial ventures, Wayne Rowley and the Chamber of Commerce saw two new market opportunities for IndEx to expand. First, they identified an opportunity to train welfare recipients for jobs in the high-growth electronics and telemarketing fields. Second, they assumed responsibility for expanding work-readiness skills beyond what participants were learning at the worksite.

EXPANDING THE PROGRAM DESIGN (1996–97)

Out-Placement Training Programs

In 1996, IndEx initiated several new components. First, as a new step in helping welfare recipients make the transition to permanent employment, 30- and 60-day out-placement training programs were developed for IndEx participants who had obtained their GED certificate.[7] The 30-day program is designed to give both the participants and the employers a trial period to ensure

6. Data provided by the Metropolitan Tulsa Chamber of Commerce.

7. Some participants without GED certificates become involved in the out-placement training program. IndEx encourages them to obtain their GED certificate after job placement.

that the arrangement is satisfactory to both parties. Participants who volunteer for the program work full-time at a company and continue to receive their AFDC/TANF benefits. Employers are charged $6.50 an hour for participants who work on-site, a competitive price compared with local temporary agencies. The participant receives $4.50 of the fee as a stipend at the end of the month, and it is counted as nonrecurring income.[8] This arrangement often triples participants' incomes for that month. The remaining $2 is used to cover administrative costs, including workers' compensation. After the 30-day period, the employer decides if the participant will be hired permanently. Participating employers are often seeking to fill positions requiring minimal basic skills, such as stuffing envelopes for direct mailings. During the two months of full operation, 19 people participated in the training, 17 of whom were hired into full-time, permanent positions. Despite the program's promising results, however, IndEx has focused much more attention and resources on the more intensive 60-day program, which it saw as more likely to produce stable, better-paying placements.

The 60-day program involves specific training in electronics and telecommunications, two areas of job growth cited in the Deloitte & Touche report. Once interested participants have obtained their GED certificate, they can volunteer for an additional three-week classroom module taught on-site at IndEx to learn the basics of either field. For example, the electronics course covers basic electrical components, basic hydraulics and pneumatics, and instruments and measurements. The telecommunications course covers customer service training, interpersonal communication skills, and computer program training, including an opportunity to handle mock reservations.

Upon completing the class, participants are out-stationed at local employers for up to a 60-day period. The program operates under a funding arrangement similar to that of the 30-day program. It is understood that local employers will hire the trainees as permanent full-time staff, pending successful completion of the trial period, although no such language is evident in contracts between IndEx and the local employers. During the first six months of operation, 8 people were hired permanently through this program, out of 15 participants.

Post-Placement Services

IndEx's experiences out-stationing participants encouraged its staff to venture into "post-placement" services to help participants adjust to being in the work force and improve the likelihood they will keep their jobs. A new staff person was hired to serve as a liaison with companies as well as to coordinate post-placement services. Participants in the 30- and 60-day training programs

8. This lump sum was not counted as income toward a participant's grant, but was considered a one-time amount and included in the asset calculation.

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receive support for dealing with difficulties that may inhibit them from completing the training program and adjusting to being a part of the work force, such as transportation and child care arrangements, paying utility bills, and avoiding eviction. For example, IndEx purchased a van to transport participants from IndEx to each of the local companies, thus reducing the transportation dilemma. IndEx staff visit participants on-site and company representatives several times per week to monitor progress.

OUT-OF-SCHOOL YOUTH

Finally, IndEx seized an opportunity to expand its program to include an out-of-school youth component. Based on the original IndEx structure, IndEx II is a pilot program targeted to youth between the ages of 16 and 22 who have dropped out of school and are referred by the juvenile justice system. Students participate in GED classes for three hours per day and are trained in and perform various tasks at IndEx for four hours per day. Regular IndEx participants and the youth are co-mingled on the shop floor in production crews, but have separate education classes. Student are paid the minimum wage for their work.

Financing the Expansion

The programmatic expansion was made possible in large part by a general support grant of $200,000 from the Charles Stewart Mott Foundation. The Foundation had recently created an initiative to identify and support innovative welfare-to-work programs that utilized a demand-driven approach and were focused on involving the business community. The grant placed IndEx on a secure financial footing. The general support allowed the executive director to concentrate on program management instead of bringing in new production orders to sustain revenue. Specifically, the grant supported the hiring of the industrial coordinator, Mark Cotner, for the 60-day training program. Cotner also assumed responsibility for the post-placement services of the out-stationed participants, with assistance from DHS. Finally, the support allowed IndEx to fully utilize its existing facilities and resources. For example, the computers—donated by Tulsa Technology Center—were underutilized because there was no staff person to monitor the lab and provide assistance to participants. The general support grant allowed IndEx to hire an AmeriCorp volunteer (an IndEx graduate working on his degree in social work) part-time to staff the lab.

In addition, the development of IndEx II brought a new influx of finances and resources to the program. Sponsored by the Oklahoma Departments of Education, Vocational and Technical Education, and Oklahoma's Office of Juvenile Affairs, IndEx received a $150,000 start-up grant

as well as in-kind resources from the Tulsa Public Schools and the Literacy Coalition of Tulsa. Overall, the Mott award and IndEx II funds increased the annual operating budget to $500,000, up from $150,000 in 1995.

Staffing

As mentioned earlier, the Mott grant enabled IndEx to increase its staff to 15 by the end of 1996, including 6 in-kind staff—3 each from DHS and the Tulsa Public Schools—and 9 paid employees on the IndEx payroll: the executive director of IndEx, the director of IndEx II, one shop foreman, one industrial coordinator, one counselor, one office manager, and three clerical staff members. Several of the staff, including the counselor and industrial coordinator, serve dual roles and are covered by funds provided for IndEx II. IndEx's philosophy regarding staffing has been to hire additional staff as soon as it is possible, often without secure, long-term funding for the position. Most of IndEx's fundraising efforts have consequently been focused on meeting the payroll of the increased staff.

While the staff expanded, Wayne Rowley increasingly focused his attention on publicizing IndEx and positioning it to have a stake in the state's welfare reform plans. By that time, IndEx had gained recognition both within Oklahoma and across the nation as an innovative business-led approach to welfare-to-work programs. Citing IndEx as an example of "enlightened self-interest" on the part of the business community, Rowley began speaking across the country about how to engage the private sector in welfare-to-work and work-force development initiatives.

Enhanced Incentives for Participants

With the program expansion, IndEx was able to further address the needs of program participants. First, the 30- and 60-day training programs provided an opportunity to vastly increase the income that participants earned during the out-placements. In addition, as mentioned earlier, the post-placement services helped the training-program participants adjust to being a part of the work force. Both of these enhancements led to increased placement rates: more IndEx participants were placed in jobs in 1996 than in all the previous years combined. Of the 286 participants enrolled in IndEx in 1996, 110 found employment and 76 remained enrolled in the program at the beginning of 1997.

An additional incentive for participants to complete the program and find full-time employment is the new sanctioning policy initiated by DHS in February 1997. As explained earlier, the previous sanctioning policy involved three graduated steps toward the elimination of benefits.

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The new policy eliminates the graduated steps; the first incidence of noncompliance results in full termination of benefits and case closure. While welfare recipients can correct their offense and have their case reopened, the prospect of immediate case closure and cycling on and off assistance as a result of noncompliance may encourage welfare recipients to complete the program and find employment.

Local Employers' Experiences

IndEx conducted an informal survey of the companies that have hired IndEx participants. All have indicated a positive experience and report that they would hire additional IndEx participants as positions become available in the future. In a small focus group of six local employers selected by IndEx, several issues were identified that illustrated why these employers got involved in the program and their experiences to date.

Several of the line managers and company representatives directly involved with the 30- and 60-day training programs mentioned their confidence in referrals from IndEx, and spoke of IndEx and the Chamber of Commerce interchangeably: "The Chamber has a reputation to protect. Other area nonprofits may not care if people work out well [in placements]." Thus, some employers also saw the Chamber of Commerce as a good screening device to make sure that the participants who were sent out for interviews and placements were adequately prepared.

IndEx is certainly not the first program to encourage the business community to train and hire welfare recipients. Many of the company representatives who became involved with IndEx had had negative experiences with welfare-to-work programs in the past, and they were skeptical at first. "When the President called me into his office and said we were going to get involved with IndEx," one company representative said, "I thought to myself, 'here we go again.' These programs are more trouble than they are worth." Nonetheless, while most representatives were very hesitant to get involved with IndEx, all interviewed for this study report positive experiences.

Few could succinctly articulate what made IndEx different, but many commented on the "totality" of the program, with its focus on both work readiness and some academic skills. As one floor manager commented, "Finally, someone recognizes all the various things needed to get people to be successful employees." In particular, many noted the importance of basic skills training. "We can train them to work in our shop, but they need to be able to read and write first." Echoing one of the sentiments of the Deloitte & Touche report, many employers do not necessarily want training programs tailored to their individual companies, but need employees with basic skills in reading and math. Compared with temporary employment agencies and other training programs in Tulsa, IndEx has the competitive advantage because participants have met a threshold of both work-readiness skills and basic academic skills.

Finally, when asked how IndEx could be improved, everyone commented on post-placement services. The companies involved in the 30- and 60-day training programs said that the IndEx staff's follow-up activities have made the difference in several cases. However, post-placement services are available only for IndEx's training program participants. While many applauded IndEx for its efforts, some lamented that "there aren't organizations whose entire job is to help people transition to work. These services would be helpful for people other than IndEx participants." Furthermore, several representatives referred to IndEx as the "ideal" temporary agency, providing participants with both the desired skills and the trial period to ensure that the placement works for everybody.

Future Plans

As IndEx begins its fifth year of operations, plans are under way to continue refining the program. DHS referred 133 welfare recipients to IndEx between January and April 1997. At that rate, the number of IndEx participants by the end of 1997 will be double that of 1996. Some attribute the rise in referrals to the tougher sanctioning policy implemented by DHS in February and increased pressure for welfare recipients to find work. In addition, IndEx and DHS have made strides to improve their public–private partnership with the appointment of three new DHS staff members to work directly with IndEx, replacing the initial DHS staff members.

Under the TANF block grant structure, work requirements and time limits increase the need for programs like IndEx to move people quickly into the work force. Oklahoma's current plans under TANF include a five-year time limit, child care assistance to all low-income working families (with no time limit), immediate work requirements for parents with children older than one year, and subsidized private-sector employment. While the Oklahoma State Legislature debates additional changes under TANF, the real concern for IndEx and other programs like it is funding for support services and basic education.

Additionally, IndEx is currently working with state DHS officials to modify the current work supplementation program. Under TANF, states are no longer limited to providing work supplementation funds for only newly created positions.[9] IndEx hopes to convince the state that the program should be treated as an employer, which would make it eligible to receive a subsidy from diverted TANF grants for each participant. The key to this proposal's success (should it be approved) is having IndEx—a nonprofit organization that enrolls participants on a temporary

9. A nondisplacement clause in the federal legislation states that adults may engage in work activities as long as they are not filling positions for people who have been laid off or in positions that employers have deliberately created (i.e., they have purposely laid people off) to fill positions with TANF recipients.

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basis—serve in a role traditionally met by employers, who would normally utilize the subsidy as a stepping stone to hiring the welfare recipient on a full-time basis. IndEx would then pay participants the minimum wage for their labor in the workshop, partially subsidized by the TANF work supplementation funds, with the rest covered by revenue from production orders. This arrangement would also allow participants to draw down the Earned Income Tax Credit (EITC). With average grants of $260 for a family of three, participants' take-home income could more than double.

Finally, Wayne Rowley has already begun efforts to replicate the IndEx model in other Oklahoma cities. Serving as executive director of the Oklahoma Workforce Development Compact, he has been working with the state departments of Education, Vocational Education, Higher Education, Commerce, Employment, Rehabilitative Services, and Human Services to develop an overall work force development strategy. The goal is to locate 10 additional Oklahoma cities that are ready to implement local variations of the IndEx model by the end of 1997. Funding for the statewide replication of the IndEx model is being seriously considered by the governor and the state legislature. Funding could be available through recent welfare reform appropriations.

IMPLICATIONS FOR BUSINESS-LED WELFARE-TO-WORK INITIATIVES

As additional efforts are made to quickly employ and securely retain welfare recipients in the labor market, the development and evolution of IndEx illustrates several key practices and implications for others interested in launching business-led welfare-to-work initiatives:

- **Business-led programs should balance the needs of local employers with the needs of welfare recipients.**

IndEx has evolved to better balance the needs of employers and welfare recipients. In the early years of the program, IndEx focused on meeting the immediate labor demands of local businesses by executing contracts to meet production demand. As IndEx struggled to find full-time, permanent job placements for its participants, it placed greater emphasis on determining the needs of local employers willing to hire participants, as well as increasing the financial incentives and supports for welfare recipients.

However, while participants have benefited from increased financial incentives and supports, these have usually been the by-product of meeting the requirements of local employers. One reason for the lack of direct attention to the needs of welfare recipients is the lack of understanding about their situations. IndEx and the Chamber of Commerce devoted considerable resources to understanding the requirements of local employers, but they did not embark on similar initiatives to understand the needs of welfare recipients. As one IndEx staff member stated, "If we lose the confidence of the local employers, we are out of business. If we upset a welfare recipient, there will be another one in the door tomorrow."

Additionally, IndEx still faces problems when the needs of local employers compete with those of welfare recipients. For example, the 60-day training program, created in direct response to the employers' needs in the electronics and telemarketing fields, has received the lion's share of attention and resources, even though the numbers of participants and placements have been relatively low. On the other hand, the 30-day training program, which offers placements often better suited to the skill levels of participants, has been all but abandoned, even with its encouraging placement record. Understanding and balancing the needs of both local employers and welfare recipients is a continuing challenge for employer-based welfare-to-work initiatives.

• Programs need to build and nurture public-private cooperation.

At the fundamental core of any welfare-to-work program is a partnership between public welfare offices and private-sector employers. While the leadership demonstrated by the Chamber of Commerce in this endeavor was an important first step, both the private and public sectors must have equitable status in the partnership. In Tulsa, this partnership was strained due to several factors. First, DHS often represented the perspective of welfare recipients, and IndEx staff often represented that of local employers. Given the tension in meeting the demands of both of these constituencies, DHS and IndEx were often at odds. Second, IndEx did not necessarily view DHS as a partner. Program documents created by IndEx do not mention DHS or any other collaborators, while DHS materials describe the program as a partnership among IndEx, DHS, and other community organizations. Finally, while each partner brought a different set of skills and resources to the table, they have little respect for each other's contributions. For example, IndEx discounted DHS's efforts to modify existing CWEP regulations as "bureaucratic red tape," while at the same time complaining about the low number of referrals from the agency. DHS, in turn, voiced concerns about preventing employers from taking advantage of a low-cost labor supply, and began investigating its own placement opportunities for IndEx participants.

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- **Business-led initiatives should utilize intermediaries, such as chambers of commerce, to assess the needs of local employers and to serve as CWEP placement or temporary employment agencies.**

The role of intermediaries offers several opportunities for employer-driven initiatives. The Chamber of Commerce enables IndEx, for example, to have access to employers who can be recruited into the program, and can also assess employers' labor needs. Many of the companies associated with IndEx are also members of the Chamber of Commerce, and the Chamber's status in the business community has strengthened the perception of IndEx as a trusted and reputable organization. Deloitte & Touche also served in this intermediary role of assessing the needs of local employers and identifying growth areas of the labor market with its labor market analysis.

Perhaps the most unique aspect of the IndEx program is that the Chamber of Commerce—by creating a 501(c)(3) organization—assumed the role of a CWEP "worksite" and eventually as a temporary employment agency. This arrangement reduced the risk associated with being an employer (for the Chamber) and training and hiring welfare recipients (for local employers). In addition, the structure lowered the labor costs for local companies by providing a source of low-cost labor to fill production and shipping orders and providing training to meet the long-term labor needs of participating companies.

- **To attract local employers, initiatives need to demonstrate the potential benefits of participation and to develop simple program operations and interactions between participants and employers.**

In terms of benefits for local employers, IndEx structured a win-win situation: IndEx can contract with local companies to meet their immediate production needs and, at the same time, can train people to meet the companies' qualifications and their longer-term labor needs. Furthermore, IndEx established a pricing mechanism that reduced labor costs for companies that contracted to have work done at the program's facility, and that was competitive with the fees charged by temporary employment agencies. As one local businessperson said, "I don't know why a company would not participate in the IndEx program."

To create a sense of ownership within the business community, representatives of several local companies were invited to sit on IndEx's Board of Directors to provide policy and management guidance. Furthermore, representatives of various divisions and subcommittees of the Chamber of Commerce, including the manager for minority business development, provided useful feedback to IndEx staff about how to engage local businesses. Also, IndEx staff periodi-

cally meet with company representatives to assess the program and the company's satisfaction. Finally, the majority of IndEx's staff come from the business community and offer expertise on the issues and access to the companies associated with the expansion of the IndEx model.

Finally, all employers associated with the program commented on the simple interactions with IndEx. Contracts for production are "just the same regular contracts we would use with any subcontractor." Contracts for temporary placements are made between the institutions and do not directly involve the individual participants. As one human resources manager stated, "With other welfare-to-work programs, we were constantly having to file paperwork to track participants. With IndEx, they handle all of this for us."

- **Programs should develop safeguards for participants, particularly regarding the length of time in the program and contracts with local employers regarding permanent hires.**

Private-sector initiatives should consider providing safeguards for participants in three areas. First, contracts with employers should include language regarding permanent placements. IndEx has consistently struggled with finding adequate placements for its participants. In negotiations with local companies, particularly those initially involved with providing work to IndEx, and now the 30- and 60-day training programs, IndEx has never attempted to ensure that permanent positions exist for participants who reach satisfactory productivity levels (that is, a level of proficiency at which they are employable). In interviews, local employers say there is an "understanding" with IndEx about permanent placements: "If there is an opening and they [the participants] are qualified, we will hire them," said one company representative. If programs are concerned with maximizing the potential for roll-over into permanent positions, contracts with employers should be as specific as possible regarding placement.

Second, negotiations with companies providing work to the central facility should produce fair piece-rate contracts. It is unclear what mechanism IndEx used to establish the piece rates for companies, but similar initiatives should be sure that their pricing is adequate to cover the costs of implementing activities at a CWEP worksite.

Finally, CWEP positions should maintain a time limit for participants in the program. Initially, IndEx argued that participants would need more than three months to complete the work experience and education components of the program—but instead of lengthening the time limit, DHS eliminated it altogether. Once participants reach a level of satisfactory productivity, programs should have mechanisms to move them into a structured job-search assistance or placement component, instead of keeping them on the shop floor. IndEx had a very ad hoc

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mechanism for moving people into full-time placements, with no systematic strategy used until after participants had been in the program for five months or more. New initiatives should develop more systematic approaches to job search assistance and placement.

- **The scale of programs similar to IndEx is likely to be small, but these programs have the potential for replication.**

Even with a favorable economic climate (entry-level labor shortages, low unemployment, demand in light manufacturing and assembly industries), IndEx has still had difficulty going to scale. Currently, it is operating with approximately 100 participants, its highest capacity to date. Taking a program like IndEx to a large scale would involve a better referral system with DHS, a stronger programmatic sequence to guide participants to completion, an expanded number of employers offering work experience, and a stronger commitment from employers for full-time permanent hires. However, based on similar employer-based initiatives, even with these modifications IndEx only has the capacity to grow incrementally, not exponentially.

While the maximum capacity of IndEx and similar programs is probably a few hundred participants per program per year, a larger impact on welfare reform and economic development initiatives is possible by establishing many programs through the replication of the IndEx model. As described above, Wayne Rowley has started discussions with the State of Oklahoma to replicate its model in other communities. Keys to replicating this model include similar economic circumstances (demand for entry-level workers, low unemployment, etc.); identification of intermediaries, like the Chamber of Commerce, to serve as either a CWEP placement or temporary employment agency; and partnerships with the welfare office and other community organizations.

- **Intermediaries, like IndEx, can prevent the stigma that potential employers might attach to welfare recipients by maintaining the confidentiality of the program participants' welfare status.**

In discussions with IndEx staff and local employers, stigma around training and hiring welfare recipients was not an issue. While some employers had had negative experiences hiring welfare recipients through other welfare-to-work initiatives in the past, their positive experiences with IndEx participants allayed their concerns. Although IndEx makes no secret of the fact that it is a welfare-to-work initiative and that all the participants are welfare recipients, the program model can be designed to buffer employers from knowing the welfare status of the participants.

- **Programs need a blend of entrepreneurial leadership and strong management of day-to-day operations, with the data systems necessary to support management.**

A strong and resourceful leader such as Wayne Rowley, with connections in the local business community and previous experience in employment and training programs, is a necessary, but not sufficient, condition to launch an initiative such as IndEx. Rowley has been heavily involved in the day-to-day operations since the program's inception. As he began to focus his attention on disseminating information about IndEx's successes, and as his responsibilities expanded to include statewide work-force development, it became clear that the program was not adequately staffed to develop in his absence. While day-to-day operations are handled by the general manager, Rowley still maintains decision-making authority over the program. Programs contemplating an IndEx model should consider employing a balanced staff with a strong "number two" person to lead the organization through the conceptual stage into full operations.

One consequence of a leadership structure that is characterized primarily by conceptual issues, as opposed to operational concerns, is the lack of strong internal management systems. Basic management structures for directing production, budgeting resources, and monitoring participants' progress were developed as an afterthought. For example, systems to monitor and collect data on participants' enrollment and placement were established only in 1996 in response to increasing public attention on the program. In addition, the simple program operations and interactions with employers provide no incentives for a strong management system. Again, a senior staff person dedicated to operational issues could develop management systems to meet the changing needs of the organization.

- **While some business-led job placement initiatives have been overly selective in their enrollment and placement processes, IndEx demonstrates that welfare-to-work initiatives can serve a broad cross-section of the population.**

Often, welfare-to-work initiatives are overly selective when they recruit participants. IndEx, however, developed a broad and open referral process. Compared with other local education and training providers that have minimum education requirements for program referrals from DHS, IndEx had no criteria for targeting or selecting participants into or out of the program. While the welfare recipients who elected to participate in IndEx may be a self-selected group, IndEx has an open-door policy regarding referral and enrollment. Once participants start the program, IndEx has more selective options—particularly the 30- and 60-day training programs. Because demographic data on participants are not available, we do not know whether or how they sorted themselves into various program components.

- **Nonprofit organizations are able to adapt to the new and changing circumstances of working with the private sector.**

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IndEx has evolved to meet the needs of both employers and welfare recipients. From refocusing its recruitment of local businesses, to initiating out-placement training programs, to developing an out-of-school youth program, IndEx has been able to meet the changing needs of its constituents. Nonprofit organizations with diversified and flexible funding streams are able to adapt to these changes and seize new programmatic opportunities. IndEx's flexibility is partly due to its small staff, centralized decision-making authority, and diversified funding sources.

TAKING STOCK

Over the five years since its inception, the IndEx program has attempted to make a difference in three main areas. First, as an economic development tool, IndEx began as a mechanism to meet the entry-level labor shortage and keep jobs in the metropolitan area. Through its association with the Chamber of Commerce, IndEx has been successful in targeting companies that have entry-level vacancies for which IndEx participants can be hired, and in encouraging employers to participate in the 30- and 60-day training programs.

Second, IndEx attempted to address the needs of local employers—specifically, reducing their labor costs. By contracting with local companies to provide work on-site, IndEx was able to reduce the labor costs of filling immediate production and assembly orders. With the advent of the 30- and 60-day training programs, IndEx further reduced companies' labor costs by providing a free "trial period" in which participants and companies work together. IndEx currently has contracts with over 40 Tulsa companies.

Finally, IndEx was designed as a vehicle to provide welfare recipients with basic skills, education, and work experience, all with the goal of moving participants into full-time, permanent employment. Unfortunately, no reliable data are available on the rate of job placements or on retention in unsubsidized work, which would provide a measure of IndEx's overall success. We do know, however, that, over the years, IndEx has done increasingly more to address the needs of its participants, including providing transportation and child care assistance, developing the financial incentives with the 30- and 60-day training programs, and establishing post-placement services for participants in the training programs. While significant strides have been made in providing welfare recipients with basic skills and placing them in jobs, however, the benefits to participants have generally been realized as the spill-over effects of addressing employers' needs.

The federal welfare reform law enacted in 1996 created a new environment in which to develop initiatives for moving people from welfare to work. The IndEx model provides useful insights on a business-led approach to engaging the private sector in welfare-to-work programs. While the program is still confronting the challenge of balancing the needs and demands of private employers with those of welfare recipients, the program's experiences to date provide useful guidance to others contemplating similar initiatives.

IndEx's expanding program will be described in a follow-up case study. The new study will be prepared in 1998 and will cover some of the issues that are not presented here, including an analysis of placement rates, findings from focus groups with welfare recipients about their experiences with IndEx, and discussions of how IndEx and other education and training providers are meeting the challenge of welfare reform.

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Selected Publications on MDRC Projects

Reforming Welfare

Books and Monographs

Reforming Welfare with Work (Ford Foundation): Monograph. 1987. Judith Gueron. A review of welfare-to-work initiatives and lessons learned.

From Welfare to Work (Russell Sage Foundation): Book. 1991. Judith Gueron, Edward Pauly. A synthesis of research findings on the effectiveness of welfare-to-work programs. Chapter 7, which is the summary of the book, is also published separately by MDRC.

Five Years After: The Long-Term Effects of Welfare-to-Work Programs (Russell Sage Foundation): Book. 1995. Gayle Hamilton, Gary Burtless. An analysis of five-year follow-up data on four welfare-to-work programs.

After AFDC: Welfare-to-Work Choices and Challenges for States: Book. 1997. Dan Bloom. A summary and synthesis of lessons learned from studies of welfare reform programs.

ReWORKing Welfare: Technical Assistance for States and Localities

After AFDC: Welfare-to-Work Choices and Challenges for States. See under Books and Monographs.

Changing to a Work First Strategy: Lessons from Los Angeles County's GAIN Program for Welfare Recipients. 1997. Evan Weissman.

Work First: How to Implement an Employment-Focused Approach to Welfare Reform. 1997. Amy Brown.

Working Papers

Working Papers related to a specific project are listed under that project.

Listening from the Voices of Mothers: Single Mothers' Perceptions of the Trade-offs Between Welfare and Work. 1993. Lori Severa Pavetti.

Original Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research. 1993. Thomas Brock, David Butler, David Long.

From Welfare to Work Among Low Parents in Britain: Lessons for America. 1996. James Riccio.

Papers for Practitioners

Assessing JOBS Participants' Issues and Trade-offs. 1992. Patricia Auspos, Kay Sherwood.

Linking Welfare and Education: A Study of New Programs in Five States. 1992. Edward Pauly, David Long, Karen Martinson.

Improving the Employability of JOBS Programs. 1993. Eugene Bardach.

Reports and Other Publications

Time-Limited Welfare

Florida's Family Transition Program

A study of Florida's initial time-limited welfare program.

The Family Transition Program: Implementation and Early Impacts of Florida's Initial Time-Limited Welfare Program. 1998. Dan Bloom, Laura Melton, Charles Michalopoulos, Johanna Walter, Patricia Auspos, Robin Rogers-Dillon.

Note: For books published by MDRC, the publisher's name is shown in parentheses.

The Cross-State Study of Time-Limited Welfare

An examination of the implementation of some of the first state-initiated time-limited welfare programs.

Implementing Time-Limited Welfare: Early Experiences in Three States. 1995. Dan Bloom, David Butler.
The View from the Field: As Time Limits Approach, Welfare Recipients and Staff Talk About Their Attitudes and Expectations. 1997. Amy Brown, Dan Bloom, David Butler.

Making Work Pay

The Minnesota Family Investment Program (MFIP)

An evaluation of Minnesota's welfare reform initiative.

Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program. 1997. Cynthia Miller, Virginia Knox, Patricia Auspos, Jo Anna Hunter-Manns, Alan Orenstein.

The New Hope Project

A test of a neighborhood-based antipoverty program and welfare alternative operating in Milwaukee.

The New Hope Offer: Participants in the New Hope Demonstration Discuss Work, Family, and Self-Sufficiency. Working Paper. 1996. Dudley Benoit.
Who Got New Hope? Working Paper. 1997. Michael Wiseman.

Canada's Self-Sufficiency Project (SSP)

A test of the effectiveness of a temporary earnings supplement on the employment and welfare receipt of public assistance recipients. Reports on the Self-Sufficiency Project are available from: Social Research and Demonstration Corporation (SRDC), 275 Slater St., Suite 900, Ottawa, Ontario K1P 5H9, Canada. Tel.: 613-237-4311; Fax: 613-237-5045. In the United States, the reports are also available from MDRC.

When Work Pays Better Than Welfare: A Summary of the Self-Sufficiency Project's Implementation, Focus Group, and Initial 18-Month Impact Reports (Social Research and Demonstration Corporation). 1996.
How Important Are "Entry Effects" in Financial Incentive Programs for Welfare Recipients? Experimental Evidence from the Self-Sufficiency Project (Social Research and Demonstration Corporation). Working Paper. 1997. David Card, Philip Robins, Winston Lin.

JOBS Programs

The JOBS Evaluation

An evaluation of welfare-to-work programs operating under the Job Opportunities and Basic Skills Training (JOBS) provisions of the Family Support Act of 1988.

Adult Education for People on AFDC—A Synthesis of Research (U. S. Department of Health and Human Services [HHS], Office of the Assistant Secretary for Planning and Evaluation [ASPE]). 1993. Edward Pauly.
Evaluating Two Welfare-to-Work Program Approaches: Two-Year Findings on the Labor Force Attachment and Human Capital Development Programs in Three Sites (HHS, Administration for Children and Families and ASPE). 1997. Gayle Hamilton, Thomas Brock, Mary Farrell, Daniel Friedlander, Kristen Harknett.

The GAIN Evaluation

An evaluation of California's Greater Avenues for Independence (GAIN) Program, the state's JOBS program.

GAIN: Basic Education in a Welfare-to-Work Program. 1994. Karin Martinson, Daniel Friedlander.
GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program. 1994. James Riccio, Daniel Friedlander, Stephen Freedman.

Related Studies:
The Impacts of California's GAIN Program on Different Ethnic Groups: Two-Year Findings on Earnings and AFDC Payments. Working Paper. 1994. Daniel Friedlander.
Can They All Work? A Study of the Employment Potential of Welfare Recipients in a Welfare-to-Work Program. Working Paper. 1995. James Riccio, Stephen Freedman.

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The Evaluation of Florida's Project Independence

An evaluation of Florida's JOBS program.

Florida's Project Independence: Benefits, Costs, and Two-Year Impacts of Florida's JOBS Program. 1995. James Kemple, Daniel Friedlander, Veronica Fellerath.

The Self-Employment Investment Demonstration (SEID)

A test of the feasibility of operating a program to encourage self-employment among recipients of AFDC.

Self-Employment for Welfare Recipients: Implementation of the SEID Program. 1991. Cynthia Guy, Fred Doolittle, Barbara Fink.

Programs for Teenage Parents

The LEAP Evaluation

An evaluation of Ohio's Learning, Earning, and Parenting (LEAP) Program, which uses financial incentives to encourage teenage parents on welfare to stay in or return to school.

LEAP: Final Report on Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents. 1997. Johannes Bos, Veronica Fellerath.

The New Chance Demonstration

A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

Lives of Promise, Lives of Pain: Young Mothers After New Chance. Monograph. 1994. Janet Quint, Judith Musick, with Joyce Ladner.

New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children. 1997. Janet Quint, Johannes Bos, Denise Polit.

Parenting Behavior in a Sample of Young Single Mothers in Poverty: Results of the New Chance Observational Study. 1997. Martha Zaslow, Carolyn Eldred, editors.

Project Redirection

A test of a comprehensive program of services for pregnant and parenting teenagers.

The Challenge of Serving Teenage Mothers: Lessons from Project Redirection. Monograph. 1988. Denise Polit, Janet Quint, James Riccio.

The Community Service Projects

A test of a New York State teenage pregnancy prevention and services initiative.

The Community Service Projects: Final Report on a New York State Adolescent Pregnancy Prevention and Services Program. 1988. Cynthia Guy, Lawrence Bailis, David Palasits, Kay Sherwood.

The Parents' Fair Share Demonstration

A demonstration aimed at reducing child poverty by increasing the job-holding, earnings, and child support payments of unemployed, noncustodial parents (usually fathers) of children receiving public assistance.

Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase. 1994. Dan Bloom, Kay Sherwood.

Low-Income Parents and the Parents' Fair Share Demonstration: An Early Qualitative Look at Low-Income Noncustodial Parents (NCPs) and How One Policy Initiative Has Attempted to Improve Their Ability to Pay Child Support. Working Paper. 1996. Earl Johnson, Fred Doolittle.

The National Supported Work Demonstration

A test of a transitional work experience program for four disadvantaged groups.

Summary and Findings of the National Supported Work Demonstration. 1980. MDRC Board of Directors.

Education Reform

The School-to-Work Project

A study of innovative programs that help students make the transition from school to work or college.

Home-Grown Lessons: Innovative Programs Linking School and Work (Jossey-Bass Publishers). Book. 1995. Edward Pauly, Hilary Kopp, Joshua Haimson. Revised version of a 1994 MDRC report.

Learning Through Work: Designing and Implementing Quality Worksite Learning for High School Students. 1994. Susan Goldberger, Richard Kazis, Mary Kathleen O'Flanagan (all of Jobs for the Future).

Home-Grown Progress: The Evolution of Innovative School-to-Work Programs. 1997. Rachel Pedraza, Edward Pauly, Hilary Kopp.

Career Academies Evaluation

A 10-site study of a promising approach to high school restructuring and the school-to-work transition.

Career Academies: Early Implementation Lessons from a 10-Site Evaluation. 1996. James Kemple, JoAnn Leah Rock.

Other Programs for Youth

The JOBSTART Demonstration

A test of a program combining education, training, support services, and job placement for very disadvantaged young high school dropouts.

JOBSTART: Final Report on a Program for School Dropouts. 1993. George Cave, Fred Doolittle, Hans Bos, Cyril Toussaint.

The Career Beginnings Evaluation

An evaluation of a program that seeks to increase college attendance and improve job quality among disadvantaged high school students.

Career Beginnings Impact Evaluation: Findings from a Program for Disadvantaged High School Students. 1990. George Cave, Janet Quint.

The Youth Incentive Entitlement Pilot Projects (YIEPP) Demonstration

A test of a school-conditioned job guarantee for low-income youth.

Lessons from a Job Guarantee: The Youth Incentive Entitlement Pilot Projects. Monograph. 1984. Judith Gueron.

The National JTPA Study

A study of 16 local programs under the Job Training Partnership Act (JTPA), the nation's job training system for low-income individuals.

Implementing the National JTPA Study. 1990. Fred Doolittle, Linda Traeger.

The National JTPA Study: Site Characteristics and Participation Patterns. 1993. James Kemple, Fred Doolittle, John Wallace.

A Summary of the Design and Implementation of the National JTPA Study. 1993. Fred Doolittle.

The Section 3 Study

Lessons from the Field on the Implementation of Section 3 (U.S. Department of Housing and Urban Development, Office of Policy Development and Research). 1996. Maxine Bailey, Suzanne Lynn.

About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through interchanges with a broad audience of policymakers and practitioners; state, local, and federal officials; program planners and operators; the funding community; educators; scholars; community and national organizations; the media; and the general public.

Over the past two decades—working in partnership with more than forty states, the federal government, scores of communities, and numerous private philanthropies—MDRC has developed and studied more than three dozen promising social policy initiatives.

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